

HARGROVE, SMELLEY, STRICKLAND & LANGLEY

JOSEPH L. HARGROVE, JR.
DAVID L. SMELLEY
PAUL A. STRICKLAND
GLENN L. LANGLEY
LOUISE F. PEARCE
T. ISSAC HOWELL

(A PROFESSIONAL LAW CORPORATION)
AMERICAN TOWER, SUITE 600
401 MARKET STREET
SHREVEPORT, LOUISIANA 71101-3239

THOMAS J. WYATT (1942-1996)

MAILING ADDRESS
POST OFFICE BOX 59
SHREVEPORT, LOUISIANA 71161-0059
TELEPHONE (318) 429-7200
TELECOPIER (318) 429-7201

OF COUNSEL
WILLIAM G. CONLY

November 2, 2006

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Smackover B Formation, Reservoir A, ANTIOCH
FIELD, Claiborne Parish, Louisiana.

Dear Sir:

TELLUS OPERATING GROUP, L.L.C. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Smackover B Formation, Reservoir A, in the Antioch Field, Claiborne Parish, Louisiana:

1. To permit Applicant to designate and utilize two (2) additional alternate unit wells for SMK B RA SUE at the locations shown on an attached plat, in exception to the spacing provisions of Office of Conservation Order No. 344-E, effective March 28, 2000, and in lieu of the locations approved for these wells by Office of Conservation Order No. 344-E-9, effective September 13, 2005.

2. To permit Applicant to drill, designate and utilize an alternate unit well for SMK B RA SUN at the location shown on an attached plat, in exception to the spacing provisions of Office of Conservation Order No. 344-E, effective March 28, 2000.

3. To find that each of the proposed alternate unit wells is necessary to efficiently and economically drain a portion of the Smackover B Formation, Reservoir A, underlying the unit on which the proposed well is located which cannot be efficiently and economically drained by any existing well on such unit.

4. To permit the operator of SMK B RA SUE and of SMK B RA SUN to produce the allowables assigned to these units from either the unit well, any alternate unit well or from any combination of such wells, at the option of the operator.

5. To discuss such other matters as may be pertinent to this application.

The Smackover B Formation, Reservoir A, in the Antioch Field, Claiborne Parish, Louisiana, is defined in Office of Conservation Order No. 344-E-8, effective April 5, 2005.

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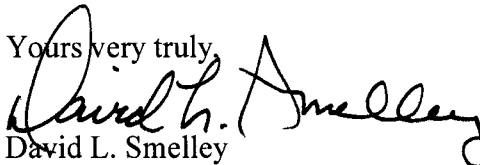
Any pertinent data concerning this application will be available for inspection at the offices of Tellus Operating Group, L.L.C., 602 Crescent Place, Suite 100, Ridgeland, Mississippi 39157. Any person wishing to inspect any such data should call Mr. Mike Liebert at (601) 898-7444 during normal business hours in order to arrange a date and time for such inspection. A copy of any such data which is not otherwise available at the Office of Conservation can be obtained from Applicant at the expense of the requesting party.

As provided by the Revised Rules of Procedure, the subject matter of this application does not require the issuance of a pre-application notice; therefore, no such notice has been issued.

Pursuant to the aforesaid Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of this letter, and of the attached plats, is being sent to the District Manager of the Shreveport District of the Office of Conservation and to the Interested Owners, Represented Parties and Interested Parties, as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and the enclosed plats, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Antioch Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, we enclose a check payable to the Office of Conservation for the application fee.

Yours very truly,

David L. Smelley

-- Attorney for Tellus Operating Group, L.L.C.

DLS:dp
Enclosures

cc: Mr. Jim Broussard (w/encls.)
Ms. Maria Lane (w/encls.)
Mr. Mike Liebert (w/encls.)
Interested Owners, Represented
Parties and Interested Parties (w/plat only)

T22N R5W

- SMK B RA UNIT BOUNDARIES
- SMK B RA UNIT WELL
- SMK B RA ALTERNATE UNIT WELL
- SMK B RA PROPOSED ALTERNATE UNIT WELL

